

Personal Serviced SWPLA Questions Requested by Subcommittee
Agency: Office of the Commissioner of Higher Education (OCHE)
Date: January 29, 2013

What impact would not receiving the P.S. SWPLA have on your program in terms of:

Impacts on staffing?

- The majority of the P.S. SWPLA is related to federally funded vacant positions. A number of the federal positions vacant at the time of the snapshot have been filled.
- OCHE would not have the federal appropriation authority to fill vacant positions or continue employees hired since the snapshot.
- The federal funding was uncertain due to federal sequestration and a competitive grant renewable process, so certain federally funded positions were left vacant until the budget impact was known.

Impact on statutorily required responsibilities associated with your program?

- May impact federal grant compliance (i.e. required federal desk audits and compliance reviews of subgrantees)

Long-term vacant:

Why are the positions vacant?

- There are long-term vacant positions in the student assistance program of 1.50 FTE
- Position job duties were shared between GSL and student assistance and filled positions were located in GSL with funding transferred to cover costs incurred.
- The employee funded with Family Education Savings Plan state special revenues is being transferred to a 1.00 vacant FTE within the student assistance program.

How was the funding used that was generated as a result of the vacancies?

- It will be used to reimburse GSL for appropriate administrative costs related to the student assistance program.

Vacancies in general:

What recruitment and retention issues is the program facing?

- Recruiting and retaining qualified faculty and staff is a continuing issue. The Montana University System (MUS) spends about 72% of the current unrestricted funds on employees' salaries and benefits.
- As an entity that relies on employees to meet the primary educational mission of the MUS, maintaining the high quality of faculty, staff and researchers campuses want to retain and recruit requires competitive compensation.
- In February 2012, the Board of Regents (BOR) convened a focus group (including staff, union representatives, OCHE staff, and Regents) to discuss the impact of compensation in recruiting and retaining capable faculty and staff.
- Most recruitment-and-retention issues are related to the fact that the Montana University System is the lowest-paying higher education system in the nation. For example, faculty salaries rank 51st in the United States (including Puerto Rico). Classified staff entry wages correlate to the 25th percentile of Montana employers on a job-to-job match (i.e., 75% of Montana's private sector and public sector employers pay a higher wage than the Montana University System's entry wage).

Is your program impacted by retirement in the next biennium?

- Yes. We will lose valuable knowledge and experience in key positions.

Did the program have retirement payouts in FY 2012?

- Yes. In FY 12, OCHE incurred \$139,422 in termination payouts for sick and annual leave, while the ed units and agencies incurred \$5,276,934.

If vacancy savings was more than 4% in FY 2012, what agency functions did not get done? (i.e. workload impacts, backlogs)

- OCHE has many required responsibilities performed by one individual. Payroll, AIMA, Work Comp, and Federal accounting are a few of the examples. OCHE is a small agency in terms of General Fund employees (approx. 25) with little turnover. The limited turnover and small staff make it very difficult to meet the present 4% vacancy savings requirement.
- A lack of filling positions in the Carl D. Perkins program has resulted in notification by the federal government that they are late in completing required compliance reviews. In the GSL program, they continue to adjust their staffing to match revised and reduced functions of the program.

Broadband pay increases:

- The Montana University System is not included in the Broadband pay plan. Please see "Explanation of Board of Regents Approved Pay Plan" below.

Does your program have impacts in relation to overtime?

- No significant impacts. There are a few positions that are paid overtime. In FY 12, the total overtime paid for OCHE was \$16,360 and of that total \$76.50 was paid by the state general fund. The majority of overtime expenses in FY 12 were paid by federal funds.

Does your program incur comp time hours, and are they significant for your program and what are your agencies policies in relation to comp time?

- The majority of comp time hours are earned by "exempt" employees. Significant comp time balances are accumulated each year by exempt employees, however exempt employee balances are capped at 120 hours and excess hours are docked from employees at the end of the year. The current liability for "non-exempt" comp time hours that is required be paid out is \$12,848. Non-exempt comp time is managed very closely by managers to mitigate the budget impact.

Explanation of Board of Regents Approved Pay Plan.

- The MUS gave BOR approved across-the-board pay raises of 1% on Oct. 1, 2011 and 2% on Oct 1, 2012 (plus \$500 per year to help with out-of-pocket health insurance expenses) to help the MUS recruit and retain employees in the lowest-paying higher education system in the nation..
- The BOR applied the approved pay raises to all employees in the university system (excluding Community Colleges). The flat \$500 payment per employee is a larger pay increase for the lower pay levels and was implemented to assist with increased health insurance costs.
- The discussion of the BOR in May 2011 and Sept 2011 meetings included recruitment and retention efforts in relation to the impact on students of maintaining high quality faculty and staff to provide quality education.
- The BOR recognized that in order to maintain quality and competitiveness, it must support students by providing the best campus personnel possible and also send a message to employees that they are valued.